

1% SPECIAL SALES TAX

Getting Started:

The 1% Sales Tax Program Year 1 project list has been modified twice since its approval in May 2015. County Line Road A-2 was removed from the original list of projects due to a lack of budgeting for the project from the City of Ridgeland, which would have provided a 50/50 match. This project was replaced with the Eubanks Creek Drainage Project, which would serve to decrease the floodplain in the Fondren area around the proposed location for the new Venyu data center that will be housed in the old McRae's building off of Meadowbrook Road. The second modification was the replacement of the McLeod Road Water Line Project with the Hanging Moss Road Water Line Project. The Hanging Moss Bridge is already being repaired as a Year 1 Project and replacing this water line would give the City an opportunity to integrate improvement efforts. The McLeod Road water line was found to have a very small impact since the two buildings it primarily serves are now abandoned.

Since May 2015, eight projects have been approved by the City Council. Contracts are being finalized for Council approval for 20 design projects and three are left to be advertised.

The Commission Board has been presented agency recommendations from the Department of Public Works for projects in Years 2-5 and will meet in early 2016 for a work session focused on Year 2 and Year 3 project selections. Each CIP year has a planning budget of \$50 million with the understanding that the actual dollars spent in a given year will depend upon capacity available to activate, manage, design and construct improvement projects. Visit www.jacksonms.gov for a list of projects.

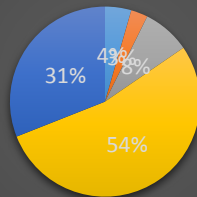
LOCAL INVOLVEMENT

**PROGRAM
MANAGEMENT**
IMS Engineers

DESIGN FIRMS:
Burk-Klienpeter
CDM Smith
Chester
Civil Tech
Crown Engineering
EJES
Infinity
MAC & Associates
Neel-Schaffer
Q Solutions
SOL
Southern Consultants
Stantec
Stuart Consulting
Strada
Volkert
Waggoner
Warnock

CONSTRUCTION FIRMS:
Dickerson & Bowen
Hemphill Construction

TOTAL COMMITTED FUNDS THROUGH END OF 4TH QTR 2015: \$1.9M



■ Drainage Improvements - \$85K ■ Bridge Design - \$55K
■ Water Line Replacement - \$154K ■ Street Resurfacing - \$1.02M
■ Equipment Purchases - \$590K



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1% SALES TAX **REVENUE**

Revenues Collected YTD: **\$22,272,871.47**

Year 1 CIP Budget: **\$13,791,000**

Revenues in Contingency: **\$8,481,871.47**

Program Financing Options:

The City of Jackson is preparing documents for its first transaction of \$54M with investment bank.

During the month of November, City officials received informational presentations from 10 investment banking firms. Each firm was provided with the following parameters in advance of their presentations:

- \$50 million in approved projects per annum
- Estimated collections of \$12 million per annum
- The City will not provide a general obligation pledge for the debt
- City would not use 100% of collections in any given year
- City would prefer to lever less than 60% of collected funds for debt service
- City will use unlevered funds to:
 - o A) Build a reserve fund
 - o B) Pay-go projects

The City is negotiating with a Wall Street firm to provide funding via a direct purchase program. By using this mechanism, which differs in many positive ways from a bond offering, the City will be able to utilize a great deal in flexibility while leveraging a *portion* of the sales tax collections.

Direct Purchase Program – Bank purchases the debt and holds it in-house. Rather than selling bonds to investors, the bank uses their balance sheet to provide funding for the City's projects.

Advantages:

- **Significantly lower costs of issuance.** Typically, in addition to members of the City of Jackson Administration, participants are limited to Bond Counsel, the City's Financial Advisor, and Bank Counsel. Since there is no public offering of debt, there is no underwriting team, underwriter's counsel, printer, trustee, etc.
 - **Flexible interest rate options** Option I – Fixed interest rate, locked in on the closing date, Option II – Floating interest rate, typically tied to 30 day LIBOR + spread, based upon the bank's underwriting criteria, Option III – Hybrid. Rates are known in advance, and are tied to the drawdown schedule (as detailed below).
 - **Collection Cycle** Most investors in traditional bond transactions which are backed by sales tax collections prefer to see a two to three year collection history. Direct purchase programs allow the investor, i.e., the bank which offers the program to perform a much more client specific due diligence process. The bank with whom we are in the negotiating phase, have indicated that they view the collection history as a positive factor, given that the collections have exceeded forecasts.
- Does not require a rating.**

